



# Industry Reporter

Summer 2023

## Profile: Equal Air Balance



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Proposed Labor Requirement Regulations

SMACNA-SoCal Golf Tournament



## A MEMORABLE SUMMER FOR SMACNA SOCAL

I hope this message finds you all in good health and high spirits. As we enter the next quarter, it is my privilege to provide you with a comprehensive update on the recent activities and achievements of our organization.

First and foremost, I am thrilled to report that the Friends of the Industry Golf Tournament held on June 26 was a resounding success. The tournament saw a sold-out participation from our enthusiastic members and sponsors. Beyond the enjoyable event, we were able to make a positive impact by donating \$2,500 to the Wounded Warriors Project. This philanthropic endeavor showcases the unwavering spirit of camaraderie and support within our association.

I am pleased to report that the Annual Business Meeting and Dinner-Dance was a memorable event for all. This significant event took place at the prestigious Balboa Bay Club in Newport Beach. The business meeting provided an excellent platform for us to discuss crucial matters related to our industry and organization. Following the meeting, we came together for a memorable dinner-dance, fostering networking and connections among our members.

As we reflect on the past year, we observed a slight decline in hours due to supply chain constraints that impacted construction projects. However, I am pleased to share that the future holds promise for our industry. All indicators point towards an upswing as we witness pent-up demand coupled with the overall health of the economy. Conversations with members and Local 105 reveal an optimistic outlook, with our current projects keeping members fully employed. The demand is so encouraging that we are actively working to bring in more skilled workers to meet the growing needs.

In other news, the highly anticipated SMACNA National Convention is just around the corner, scheduled for October. I strongly encourage all members to attend this enriching experience, but the current hotel block is sold out. The convention will feature a diverse range of sessions, workshops, and keynote speakers, offering invaluable insights and opportunities for professional growth.

On a commendable note, we had the pleasure of supporting the



By / Pete Fortin, SMACNA SoCal President

Heavy Metal Summer Camp at our Local JATC, where our chapter donated boots for the students. Held from June 19-23, the camp provided a valuable platform for young talent to explore the sheet metal trade. Our commitment to nurturing future generations remains steadfast, as we invest in the potential of aspiring craftspeople.

Lastly, I am delighted to inform you that we will proudly welcome a remarkable 125 new apprentices to our program this fall. As part of our commitment to excellence, we are implementing the second phase of a new core curriculum for first and second-year apprentices. The curriculum emphasizes hands-on and practical shop and field learning exercises, with a deliberate de-emphasis on layout work. Our goal is to equip apprentices with a comprehensive skill set, empowering them to excel in their careers and become leaders in the industry.

In conclusion, I extend my sincere gratitude to each one of you for your unwavering support and active engagement with SMACNA Southern California. Together, we build a stronger and more prosperous future for our industry. Let us remain connected, foster collaboration, and celebrate our achievements as a united community.

If you have any questions or require further information, please do not hesitate to reach out to me or the board. Your input and participation are vital to our continued success.

Wishing you all the best in your endeavors.

Sincerely,  
Pete Fortin

President, SMACNA Southern California. ■



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SMACNA SUPPORTS S. 1323, THE  
SECURE AND FAIR ENFORCEMENT  
(SAFE) BANKING ACT OF 2023

The Sheet Metal and Air Conditioning Contractors’ National Association (SMACNA) is supported by more than 3,500 construction firms specializing in industrial, commercial, residential, architectural and specialty sheet metal and air conditioning construction in public and private markets throughout the United States. On behalf of SMACNA, I want to join many other business organizations to express support for passing the Secure and Fair Enforcement (SAFE) Banking Act of 2023, S. 1323, introduced by Senators Merkley (D-OR) and Daines (R-MT) and 42 bipartisan cosponsors. We endorse passing S. 1323 as a standalone bill or as part of another legislative package. The SAFE Banking Act would allow banks, credit unions, and other financial institutions to offer banking services to legally operating cannabis businesses without fear of punishment by federal regulators. The U.S. House of Representatives passed the SAFE Banking Act seven times in the last two Congressional sessions, last year as an amendment to the fiscal year 2023 National Defense Authorization Act (NDAA). We have also endorsed H.R. 2891, introduced by Reps. Joyce (R-OH) and Blumenauer (D-OR), and will work for its passage.

Cannabis-related enterprises are a growing, legal segment of the small business sector and have become more and more integrated into state and local economies. More than thirty states and the District of Columbia have legalized cannabis / marijuana for medical use, and sixteen allow adult recreational use. Due to legal and regulatory risks arising from inconsistent federal and state laws. Enacting the SAFE Banking Act would

support a rapidly growing legitimate industry that creates jobs, supports small businesses, and raises revenue in states that have chosen to legalize cannabis products. This banking reform would also reduce small business anxiety, contracting complications and safety risks. The positive economic and contractor security benefits to the construction industry as well as local and state economies are substantial.

SMACNA members employ the highest skilled workforce and as quality-driven contractors understand that S. 1326 represents significant reform to the banking system that will boost contractor security and private investment in cannabis-related and allied building, banking network infrastructure. From countless examples of working with the legally authorized cannabis industry and contracting to build and service their production facilities, SMACNA member firms understand the merit in passing the SAFE Act. Fairness and equity argue for enactment of legislative reforms to banking relationships between local banks, contractors and legitimate cannabis related small businesses. Again, we support S. 1323, The SAFE Act, and other legislative efforts to reform rules limiting depository institution’s ability to provide financial services to the cannabis and their related business enterprises and we urge your co-sponsorship and active support for its passage. ▪



By / Stan Kolbe, Executive Director of  
Legislative and Political Affairs, SMACNA

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# Equal Air Balance

Building relationships, demonstrating expertise, and thinking ahead. This is longevity defined.

By / Jessica Kirby

**Equal Air Balance** in San Dimas, California, counts on strong customer relationships, expertise, and forward thinking to maintain its position as one of the busiest and most successful testing, adjusting, and balancing companies in the region.

Building a reputation for excellence and establishing ongoing relationships have fuelled the company's growth since it opened its doors in 1989. Co-founder Denise Długajczyk brings more than 20 years' experience in financial management to the business, while Erik brings 25 years as a test and balance technician, foreman, field superintendent, and JATC instructor. Together with an outstanding team, the couple has grown the project portfolio to include medical, collegiate, aerospace, public works, telecommunications, automotive, school, airport, and other building types.

"The secret to longevity is building those relationships," Erik Długajczyk says. "A lot of our work is based on word of mouth and history and ensuring those relationships continue."

A recently completed project, the OneLegacy Transplant Recovery Facility & Conference Center in Azusa, California, was the perfect opportunity to showcase the company's commitment to its client and surmounting challenges with patience and perseverance. The project comprised a 98,772 sq. ft. office building, 50,000 sq. ft. transplant recovery and research medical laboratory, and a 16,000 sq. ft. conference space, specializing in life-saving organ, eye, or tissue transplants.





“The designs didn’t always match with what was installed,” Dlugajczyk says. “There were changes not captured in the RFIs, so we recreated a lot of RFIs for our company and received answers to our questions later in the game.”

Luckily, Equal Air Balance routinely conducts more thorough analysis of the numbers prior to starting the job in order to identify or at least anticipate potential complications.

“We do balanceability reports where we try to find a lot of these potential issues before we go onsite, and we ask those questions ahead of time,” Dlugajczyk says. “Sometimes we get answers and other times we get prepared for the potential issues. Either way, it helps us get as far ahead as possible. I am told by mechanicals that they haven’t seen a company that does that before, but they do appreciate it.”

Moving forward, Dlugajczyk anticipates a significant volume of work in schools thanks to the CalSHAPE program, which is a survey of existing ventilation in schools and funding for replacement or repair of air-conditioning and HVAC systems.

“We also do a great deal of hospital work, and anticipate that area growing,” he adds. Equal Air Balance has a long-term contract with the Veteran Affairs Health Center in Fresno for balancing and their annual and quarterly recertifications.

No matter what the company takes on, there is little doubt that it will succeed and continue to thrive.

“We stand out because of our commitment to finishing the job no matter what the situation,” says Dlugajczyk. “We are very committed to our clients, and every relationship is a partnership.” ■

**Learn more** | [equalairbalance.com](http://equalairbalance.com)

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Equal Air Balance’s scope took nine months, from April 2022 to January 2023, and although the technical components of the work went smoothly, the team had to navigate some logistic challenges.

“One challenge arose when time and scheduling were of the essence and the electrical inspector cleared the power after the ceiling grid was already installed,” Dlugajczyk says. “The challenge was commissioning the zones with the controls technicians, making it difficult to work through because of delays in power.”

The team met that challenge with pure perseverance and some overtime, but also took initiative on solving some problems around inconsistency in the design and engineering plans.





# Proposed Labor Requirement Regulations Contain Few Surprises

The Davis-Bacon Act and related rules were selectively incorporated into the proposed prevailing wage and apprenticeship (PWA) rules (REG-100908-23) released on Labor Day.

The government attempted to “strike the appropriate balance” between when Davis-Bacon requirements are “relevant for purposes of the PWA requirements and when they are not.” Accordingly, the definitions and wage determinations were generally adopted, but the contractual provisions and certified payrolls required by Davis-Bacon were not.

The incorporation of the Davis-Bacon Act and related rules into the Inflation Reduction Act provisions may have initially worried some clean energy project developers, but for the portion of the industry that already owns large buildings, those rules aren’t a novelty, said SMACNA National’s Stan Kolbe. “Many of those building owners lease space to the federal government and so have to comply with the Davis-Bacon rules,” he said.

## Recordkeeping and Reporting

In terms of recordkeeping and reporting, principal difference is that the proposed rules have eliminated the weekly submission of payroll reports and substituted a report at the time the credit is claimed on a tax return. The proposed regulations contemplate new forms for reporting the necessary information to claim the PWA bonus.

Taxpayers must keep basic identifying information about each laborer, mechanic, and qualified apprentice, along with their labor classifications. They must also keep information about the facility, hourly rates of wages paid, contributions to fringe benefit programs, the total labor hours worked per pay period, total wages paid for each pay period, wages paid to apprentices, and any correction payments and supporting documents.

Like the Davis-Bacon Act rules, the prevailing wage rules apply only to the defined segment of the workforce consisting of laborers and mechanics, trimming down the number of records that must be maintained, even on a large project, because not all employees are included in the recordkeeping and reporting requirements.

## Penalties

The proposed rules allow taxpayers to correct “limited failures

to pay prevailing wages” without penalty before claiming the increased credit, but not after. Prop. reg. section 1.45-7(c)(6) (i) includes a waiver of the penalty for failure to satisfy the prevailing wage requirements. The timing rule states that the taxpayer must make the correction payment by the earlier of 30 days of learning of the error or the date on which the increased credit is claimed under section 45(b)(6).

One way to avoid the penalty is to have a qualifying project labor agreement in place. “The proposed regs don’t require those agreements, but they can give developers confidence about recordkeeping and enforcement,” Kolbe said. Encouraging them is important because they are the gold standard among pre-employment agreements within the construction sector to ensure job quality, health and safety, pathways into those jobs for underrepresented workers, good communication among partners on the project, and timely completion.

A qualifying project labor agreement must pay prevailing wages and refer and use qualified apprentices, and must be a collective bargaining agreement with one or more labor organizations of which the building and construction employees are members.

## Apprentices and Good Faith

The proposed regulations explain the usual and customary standard for requesting apprentices from registered apprenticeship programs and requiring a written request that include enough information to enable an apprenticeship program to accurately determine whether it can supply apprentices—proposed dates of employment, the occupation and number of apprentices needed, the location of the work to be performed, and the expected number of labor hours to be performed by the apprentices.

A denial from a registered apprenticeship program does not automatically qualify a taxpayer for the good-faith exception; instead, the taxpayer must submit another request within 120 days of the previous request. Where a project requires multiple occupations, a good-faith effort requires the taxpayer to request apprentices from more than one program. Taxpayers who need to use the good-faith exception also must be able to show that they and their contractors and subcontractors complied with the requirements of the apprenticeship program. “There are still some gray areas around what constitutes a good-faith

*Continued on page 8*



# FORE!

## SMACNA SoCal Golf a Success

SMACNA SoCal welcomed members and guests to the Friends of the Industry Golf Tournament held on June 26, and it was a resounding success. The tournament saw sold-out participation from enthusiastic members and sponsors. Beyond the enjoyable event, SMACNA SoCal was able to make a positive impact by donating \$2,500 to the Wounded Warriors Project. This philanthropic endeavor showcases the unwavering spirit of camaraderie and support within the association. ▪



# PROPOSED LABOR REQUIREMENT REGULATION

Continued from page 6

effort that will likely be the subject of comment letters on the proposed rules,” Kolbe said.

Another backstop to a qualifying project labor agreement might be for taxpayers to hire an “umpire”—a project official to check that the project is delivered as approved for the

generous tax credit monetization and direct payment option. “This kind of official would also ensure that provisions such as registered apprenticeship requirements are met and review any good-faith claims for reasonableness and legitimacy,” Kolbe said. ▪

## LOS ANGELES / ORANGE EMPIRE AGREEMENT

Pursuant to the collective bargaining agreement, the following wage and fringe package shall be effective July 1, 2023, through to December 31, 2023. The taxable wage is increased by \$1.49 per hour, the Health Plan is increased by \$0.25 per hour, and the Retirees’ Supplemental Health Plan is increased by \$0.05 per hour. The total package is increased by \$1.79 per hour.

Effective July 1, 2023, the Local Union 105 – Los Angeles / Orange Empire wage and fringe package shall be as follows:

	Journeyman Wages	Foreman/Detailer	General Foreman
Hourly Taxable Wage (increase)	\$55.16	\$63.43	\$66.19
* Savings Plan (taxable)	-10%	-10%	-10%
* 401(a) Plan - mandatory	\$1.00	\$1.00	\$1.00
* Retiree’s Supplemental Health Plan (increase)	\$0.60	\$0.60	\$0.60
* Health Plan (increase)	\$10.85	\$10.85	\$10.85
* Health Reimbursement Acct. (HRA)	\$0.50	\$0.50	\$0.50
* Local Pension	\$11.82	\$11.82	\$11.82
** Local Training JATC	\$0.70	\$0.70	\$0.70
*** National Training ITI	\$0.12	\$0.12	\$0.12
*** National Pension	\$4.45	\$4.45	\$4.45
*** NEMI	\$0.03	\$0.03	\$0.03
*** SMOHIT	\$0.02	\$0.02	\$0.02
**** LMCT/FP-ACC	\$0.09	\$0.09	\$0.09
<b>Total Wage Package:</b>	<b>\$85.34</b>	<b>\$93.61</b>	<b>\$96.37</b>
**** Industry Fund	\$0.56	\$0.56	\$0.56
<b>TOTAL:</b>	<b>\$85.90</b>	<b>\$94.17</b>	<b>\$96.93</b>

The mileage rate established is sixty-five and one-half cents (\$0.655) per mile. See Zone and Subsistence.

\*\*\*\*\* Working Dues Rate (increase): Effective July 1, 2023, the dues check-off rate increases to two dollars and thirty-four cents (\$2.34) per hour worked.

\*, \*\*, \*\*\*, \*\*\*\*, and \*\*\*\*\*: Please refer to the “Funds Payment and Remittance Reporting Procedure effective January 1, 2023” for information regarding remittance payable names and the remittance mailing addresses. To receive this package, please email the SMACNA SoCal office at [kim@smacna-socal.org](mailto:kim@smacna-socal.org)

## SMART Local 105 2023 Holidays: Q4

Holidays	LA/OE Commercial	Industrial	Bakersfield Commerical	Orange Empire Residential	LA/OE S&M	Bakersfield S&M	LA/OE Residential	Bakersfield Residential
Veteran’s Day Eve Friday, November 10, 2023	✓	✓	✓	✓	✓	✓	✓	✓
Thanksgiving Day Thursday, November 23, 2023	✓	✓	✓	✓	✓	✓	✓	✓
Day After Thanksgiving Friday, November 24, 2023	✓	✓	✓	✓	✓	✓	✓	✓
Christmas Day Monday, December 25, 2023	✓	✓	✓	✓	✓	✓	✓	✓
New Years Day Monday, January 1, 2024	✓	✓	✓	✓	✓	✓	✓	✓